



Architectural Services

Market Overview

- ▶ The real estate sector in Chile has experienced steady growth over the past decade (3 to 5% average per year). During 2003, the number of mortgages increased 7.5%.
- ▶ Chile's total market for new houses amounts to US\$4 billion/year and 60% are built by the private sector.
- ▶ Government investment in urban projects (US\$489 million) will generate business opportunities for the private sector estimated at US\$2.7 billion from 2004 until 2006.
- ▶ In 2002, private investment in Chilean tourism projects was estimated at US\$202 million.
- ▶ Demand for architectural design for public building has increased in the last several years, especially from Chile's regional governments and organizations. For example, the MOPTT's (Public Works Ministry) Architecture Division had 108 construction and maintenance contracts in 2003 for 37 projects, amounting to a total investment of US\$57 million, requiring architectural construction services of US\$35 million. Twenty seven of those projects are for schools and other educational buildings that include a budget of US\$737,000 for architectural design services.

U.S. Position

- ▶ There is a limited presence of U.S. architectural services providers in Chile. One example is Design Workshop, a firm based in North Carolina.
- ▶ There are several international real estate firms operating in Chile and, as a result of the recently enacted U.S.-Chile Free Trade Agreement, more are expected to enter the market. This boom is the result of a growing interest in real estate investment in Chile. The arrival of these international firms means that new expertise and additional foreign capital will be available for new projects. Some of the firms doing business in Chile include Cushman and Wakefield, Semco, Mackenzie Hill, Tramel Crow, and CB Richard Ellis.

Competitors

European companies or institutions dominate the market. They provide architectural services primarily related to high-rise buildings. Two such companies are: SCPE (Italy) and the Catalá Institute of Energy (Spain).

Principal Sub Sectors

- ▶ Public works
- ▶ Architectural preservation
- ▶ Architectural design (shopping malls, offices buildings, beach and mountain resorts, among others).

Commercial Opportunities

Main areas of real estate business: housing for all income levels; hotels and other tourism services; retail business; commerce, especially shopping malls; educational and health; recreational complexes for tourism, cultural, and ecological purposes; and industry installations.

Other Resources

- ▶ U.S. Department of Commerce ACE Team Leader, Raj Dheer: raj.dheer@mail.doc.gov
- ▶ MOPTT Architecture Division (Public Infrastructure, Telecommunications and Transport Ministry) <http://www.moptt.cl/oopp/arquitectura/#>
- ▶ Architecture Trade Union: www.arq.cl, www.coarq.com



Engineering Services

Foreign Investment in Chilean Engineering Services

Year	US\$ million
2000	66
2001	58
2002	36
2003*	40
2004*	45

* Estimated numbers.
Source: Foreign Investment Committee (CINVER).

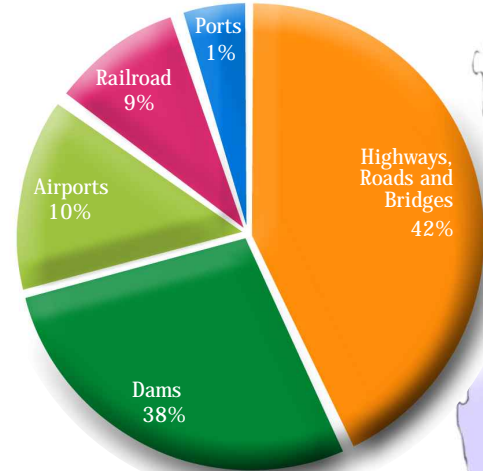
Market Overview

▶ According to the Engineering Consultants Association, which encompasses 61 companies representing approximately 65% of the market, total market capacity is 15 million hours per year, at an average billable rate of US\$25 per hour, totaling US\$375 million in billable engineering services per year.

▶ There was a significant change in the Government's concessions portfolio in 2001, as it diversified from the traditional road and airport projects to include prisons, irrigation dams and rail transport. In 2004 Government concessions amount to US\$794 million.

Concessioned Projects up for bidding in 2004

Source: Public Works Concession's Unit, www.concesioneschile.cl



U.S. Position

- ▶ There is significant U.S. presence in engineering services (i.e. mining, industrial facilities).
- ▶ Chilean subsidiaries typically use the engineering services of their U.S.-based headquarters.
- ▶ U.S.-owned or U.S.-based engineering services companies, such as Fluor Daniel, Bechtel, and Kvaerner, are the most active and dominate the market.

Competitors

European companies also provide engineering services for industries such as mining, water treatment, and waste management. Some of the biggest companies are Arcadis Geotécnica (Holland) and Ingendesa (Endesa, Spain). In addition, Chilean firms such as Cade-Idepe have a strong presence in the market, especially in the mining engineering sector.

Principal Sub Sectors

- ▶ 1. Mining
- ▶ 2. General Industry
- ▶ 3. Sanitary & Environment
- ▶ 4. Energy
- ▶ 5. Transport
- ▶ 6. Agriculture
- ▶ 7. Food processing
- ▶ 8. Construction and Urbanization
- ▶ 9. Others

Commercial Opportunities

- ▶ The best opportunities are in public infrastructure projects, mining, environmental, and industrial sectors.
- ▶ With the U.S.-Chile Free Trade Agreement, conditions in Chile are favorable for a U.S. engineering service provider. According to Chilean Law 12,851, Article N°6 (of 1958), any foreign engineer, subject to a temporary FOB contract, may practice engineering after properly registering with the "Colegio de Ingenieros de Chile" (Chilean Association of Engineers). Prospective foreign engineers must simply submit accrediting documents and a valid license from their country of origin to be considered for registration.

Other Resources

- ▶ U.S. Department of Commerce ACE Team Leader: Raj Dheer: raj.dheer@mail.doc.gov
- ▶ Association of Professional Engineers: www.ingenieros.cl
- ▶ Engineering Consultants Association: www.aic.cl

CONTACT US

We hope that you find this information useful. If you would like further information, please contact Carlos.Capurro@mail.doc.gov, the CS Santiago Construction, Architecture and Engineering Services Specialist. Visit our website www.buyusa.gov/chile to discover other commercial opportunities in Chile. (January, 2004)

This report was produced by Puente Sur Ltd.



www.puente-sur.com